European Markets

Robert Goodwin
Director, Vendor Research
INPUT

Information Services Outlook

The Next 10 Years

- The Services Market in Europe—1988
- Five-Year Forecast
  - Key Trends and Success Factors
- Strategic Factors
  - In for the Long Haul

INPUT

NOTES:

JJ88-PL-1•1

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Network Services Market

- Western Europe 1988

	Percent
Network Management	4
Enhanced Services	8
Videotex	23
Insurance	6
E-Mail	27
EDI	6
EFT	26

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JJ88-PL-2A,B

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Five-Year Forecast
1988 - 1993

European Information Services

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The Information Services Market 1987/1988

Definitions

- Delivery Modes
  - Turnkey Systems
  - Systems Integration

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European Information Systems Market 1988

Sector	$B	Annual Growth Rate (Percent)
Hardware and Maintenance Services	57	9
Software Products	13	25
Professional Services	11	23
Processing Services	7	9
Total	88	13

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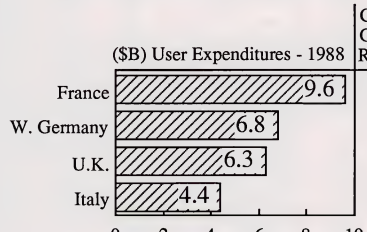
Country Market Analysis
Information Services Industry



	Current Growth Rate(%)	% of GDP
France	19	1.5
W. Germany	19	0.9
U.K.	19	1.1
Italy	24	0.9

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Services Industry Structure

Size of Service Organisation ($M)	Number
Greater than 100	35
5-100	400
Less than 5	12,500
Total	13,000

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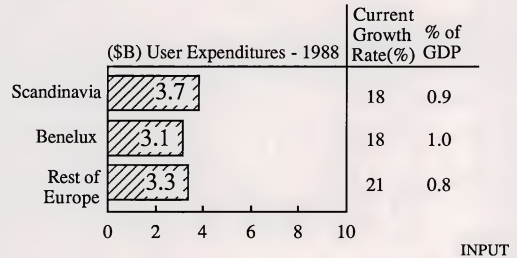
Country Market Analysis
Information Services Industry



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Information Services Industry Participants

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NOTES:

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Leading European Independent Services Organisations

Vendor	Worldwide Revenues 1987 ($M)
CAP Gemini Sogeti	680
SD-Scicon	427
SEMA Group	408
Finsiel	407
Sligos	228

INPUT

NOTES:

JJ88-PL-9a

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Leading European Independent Services Organisations

Vendor	Worldwide Revenues 1987 ($M)
GSI	225
Datev	200
CISI	188
Thorn Software	186
Telesystemes	160

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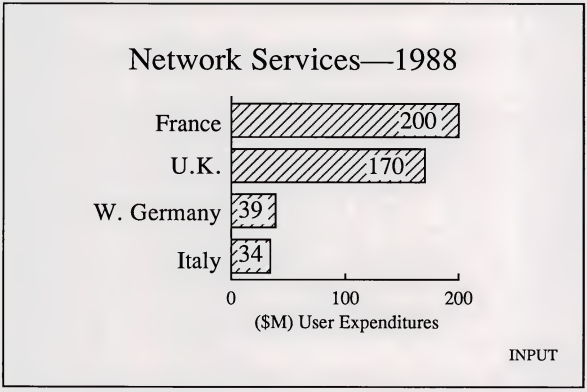

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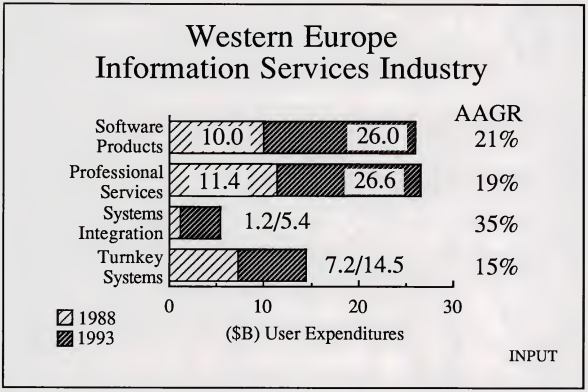

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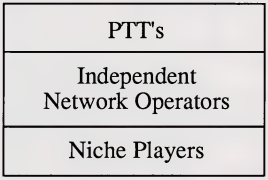
Network Services —Industry Participants



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Network Services—
Key Sectors

- Finance
- Transportation
- Retail
- Distribution

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Professional Services —European Sector Structure (Percent)

Custom System Development	72
Consultancy	12
Education and Training	11
Systems Integration	5

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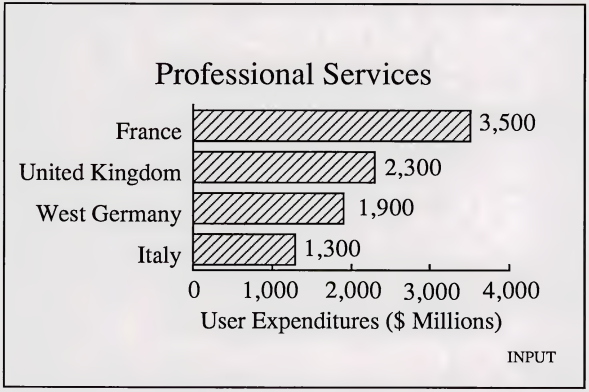

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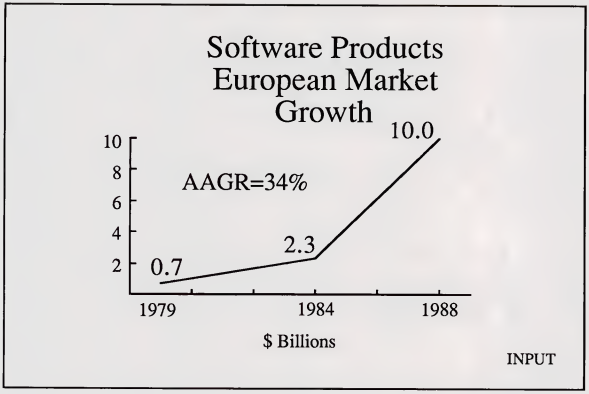

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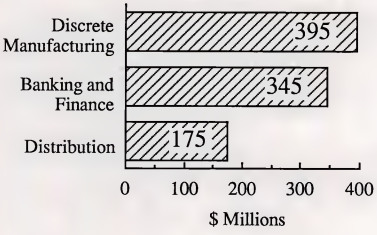
Industry-Specific Software Products —West European Market 1988



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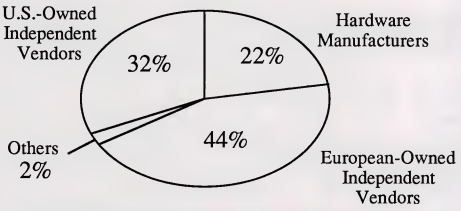
Applications Software Market Vendor Analysis—Western Europe



1987 Total User Expenditures = $3.1 Billion

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The Information Services Market 1987/1988

Definitions

- Hardware
- Software
- Professional Services
- Processing Services

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Five-Year Scenario

- Market Forecast
- Partnerships
- Custom/Standard
- The Training Challenge
- Maintenance/Support
- Marketing Channels

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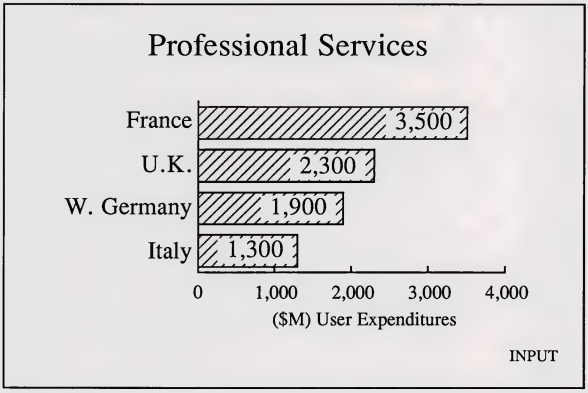

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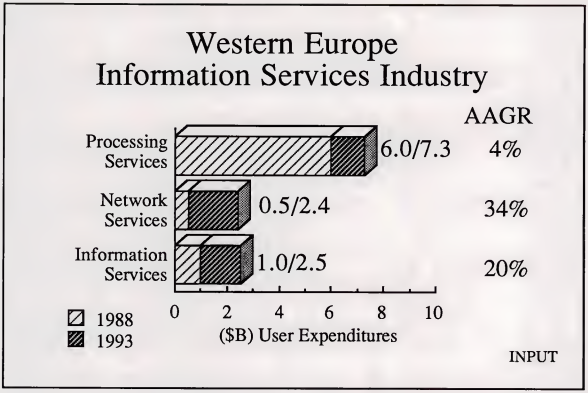

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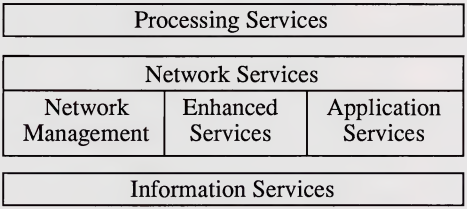
Market Structure



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Vendor Partnerships

- Software House Partnerships
- Hardware/Software Companies
- Vendor/Client Agreements

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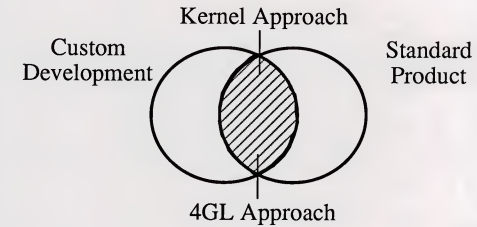
Standard Product-Custom Development Convergence



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Education and Training
Western European Issues

- Reluctance to Train
- Training Budgets
- Qualifications
- The Skills Shortage

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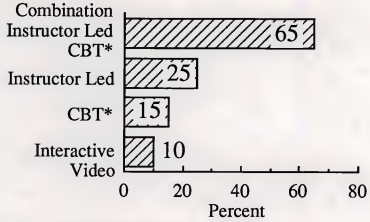
European IS Users —Most Favoured Training Methods



*Computer-Based Training

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Sources of IS Training —Western Europe

Training Source	Users (Percent)	
	Hardware	Software
Hardware Manufacturer	20	5
Independent Services Co.	10	30
Other	1	4

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The Skills Shortage Driving Forces

- The Planning and Operation of New Systems
- Technology Change
- The Demographic Profile
- Staff Turnover

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Support Issues

- Support/Maintenance
- Training
- Upgrade/Enhancement

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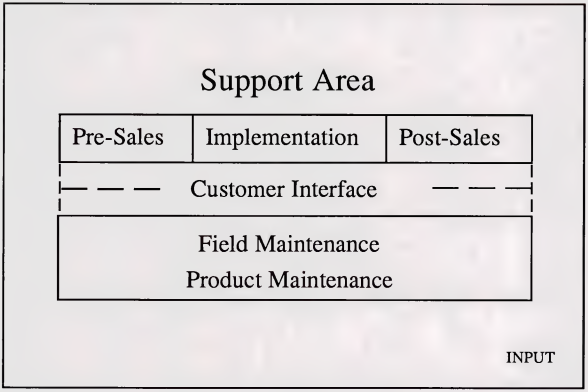

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The User's View

- Overall Satisfaction Moderate
- Most Problems Service-Related
- Unbundling Opposed

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Pricing/Support Strategy

- Combined Pricing Mechanism
- Unbundle Functionality
- Bundle Support/Maintenance

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Pricing/Support Environment

- Bundling/Unbundling
- Vendor Challenge
  - User Confusion
  - Regain Initiative

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Channel Decisions

- Turnkey
- Systems Integration

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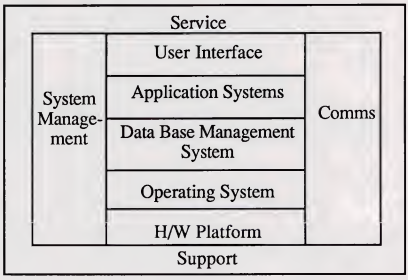
Vendor Offering



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Systems Integration

"The Provision of a Total Solution
to a Multidisciplinary Information
Systems Requirement"

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Systems Integration—A Model

(Percent)

Hardware	35
Software Products	5
Software Development	40
Project Management/Consultancy	15
Other Services	5
Total	100

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NOTES:

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European SI
Market Characteristics

- Emergent Stage
- User Awareness
  - Technical
  - Commercial
- Joint Ventures

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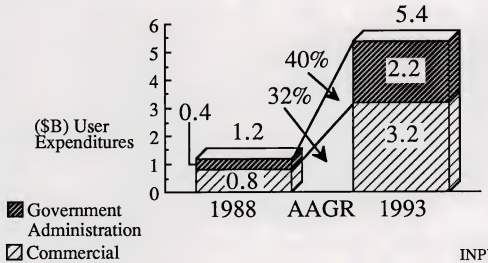
Western Europe
Systems Integration Market



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Strategic Factors
1988-1998

European Information Services

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Western European Information Services 1988-1998

Continuing Growth Opportunities

- Technological Development
- Technology Convergence
- CASE

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Industry Trends

- Systems Becoming More Complex
- Increasing User Demand for Resources and Solutions
- Boundary between Business/Systems Disappearing

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Western European Information Services 1988-1998

Industry Rationalisation

- Delivery Mode
  - Develop/Control
- Client Industry Knowledge
- New Competitors
- Big or Boutique

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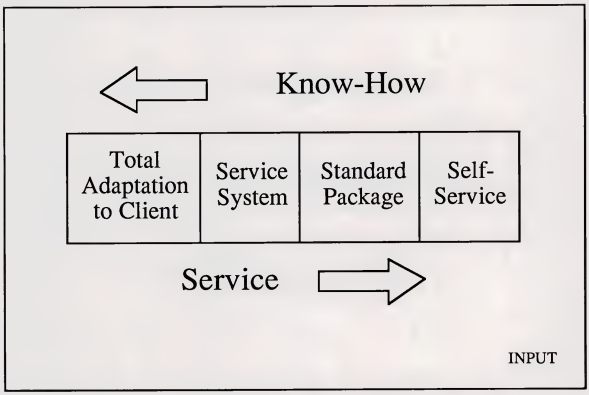

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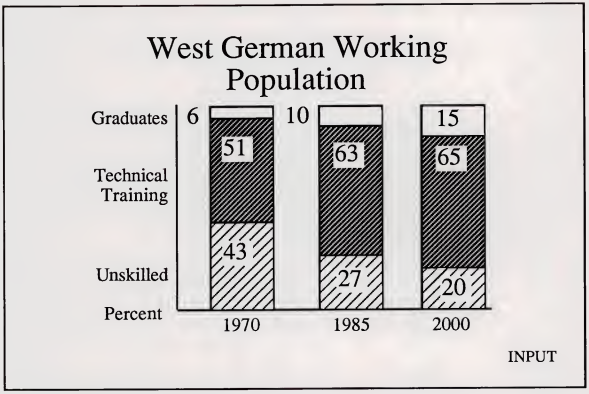

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Strategy Recommendations

Emphasise

- Professional Services
- Garner
  - Technological Expertise
  - Implementation Expertise
  - Control and Responsibility

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Strategy Recommendations

- Continue to Emphasise Profitability
- Clearly Justify Big/Medium/Small

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③

SLIDE ORDER FOR JCC.

JJ88 - ~~PL-0~~ replaced W/Bob Goodwin

PL-1.1 (Information Services Outlook - The Next 10 Years).

PL-3

PL-4

PL-5

PL-6

PL-5.1

PL-6.1

PL-8

PL-9a

PL-9b

PL-7.1

PL-11 ← PL-2A,B.

PL-12

PL-13

PL-14

PL-15.1 (N.B. Slide insert - see attached).

PL-16

PL-17

PL-36

PL-3.1

PL-4.1

PL-8.1

PL-38 ← { PL-10.1
PL-11.1.

PL-39

PL-18

PL-19

PL-20

PL-21

PL-25

PL-26

PL-27

④

(continued).

JJ88 PL-28
PL-29
PL-30
PL-31
PL-32
PL-33
PL-34
PL-12.1
PL-40
PL-41
PL-42
PL-43
PL-45
PL44
PL-46
PL-47

(2)

Calvin,

- You have just sent me a bunch of slides with codes JJ88-PL-0
  - 1
  - 2A,B
  - 3
  - etc
  - 12

Unfortunately these code numbers have already been used. Please renumber as follows:

Your #	New #
JJ88-PL-0	OK
-PL-1	-1.1
JJ88-PL-2	-2.1
-PL-2A,B	OK
-PL-5	-5.1
-PL-6	-6.1
-PL-7	-7.1
-PL-3	-3.1
-PL-4	-4.1
-PL-8	-8.1
(Note PL-9 is identical to PL-8)	-10?
PL-10	-10.1
PL-11	-11.1
PL-12	-12.1

- You do not appear to have prepared slide PL-15.1 which I have included below. + correction for PL-12.1
- Attached is the full slide order for the TCC.

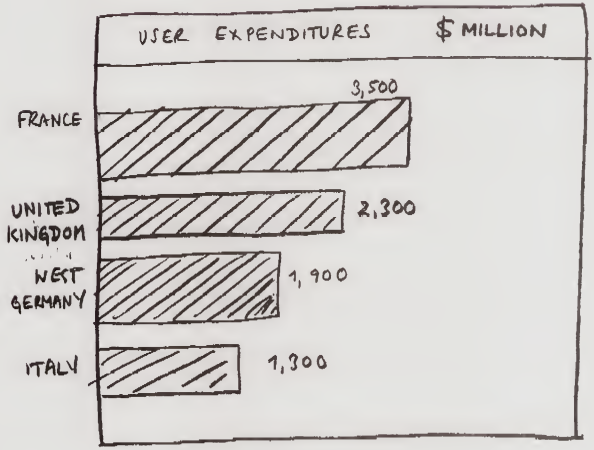
Trust all is clear. Regards Peter.

European Markets

Peter Lines
European Director, Research
INPUT

(5)

PROFESSIONAL SERVICES



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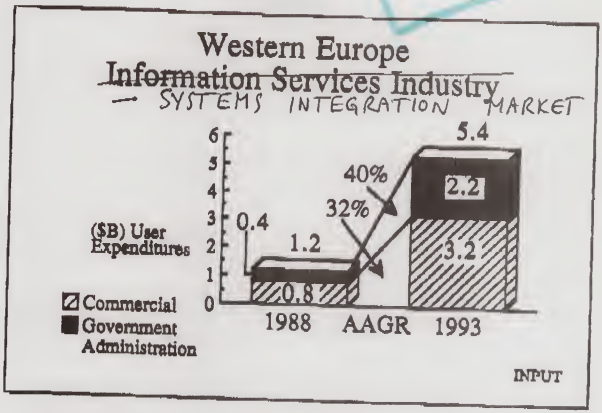


NOTES:

JJ88-PL-12.1

2.

INFORMATION SERVICES OUTLOOK
- THE NEXT 10 YEARS

- THE SERVICES MARKET IN EUROPE
  - 1988
- ~~THREE~~ FIVE - YEAR FORECAST
  - KEY TRENDS AND SUCCESS FACTORS
- STRATEGIC FACTORS IN FOR THE LONG HAUL

1

NETWORK SERVICES MARKET – WESTERN EUROPE 1988

NETWORK MANAGEMENT	4%
ENHANCED SERVICES	8%
VIDEOTEX	23%
INSURANCE	6%
E-MAIL	27%
EDI	6%
EFT	26%

11.1

2A, 2B

FIVE YEAR FORECAST

~~CURRENT TRENDS~~

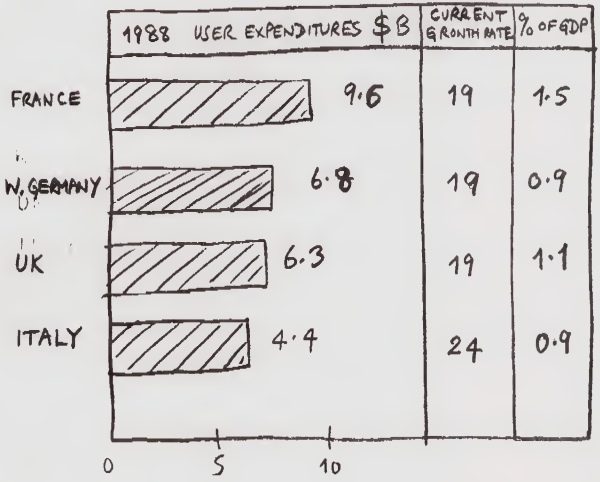
1988 – 1993

EUROPEAN INFORMATION SERVICES

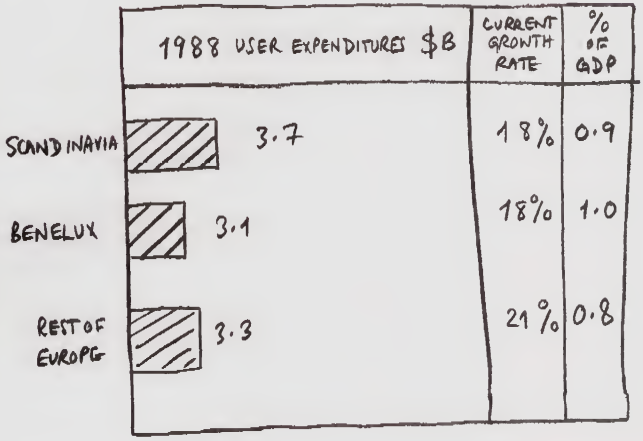
FIVE [redacted] YEAR SCENARIO

- MARKET FORECAST
- PARTNERSHIPS
- CUSTOM / STANDARD
- THE TRAINING CHALLENGE
- MAINTENANCE / SUPPORT
- MARKETING CHANNELS

COUNTRY MARKET ANALYSIS
- INFORMATION SERVICES INDUSTRY



COUNTRY MARKET ANALYSIS
- INFORMATION SERVICES INDUSTRY



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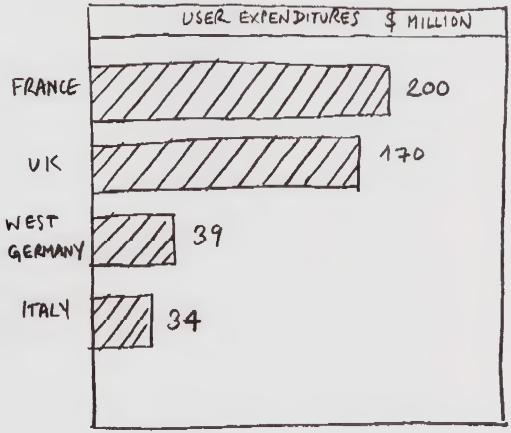
NETWORK SERVICES 1988



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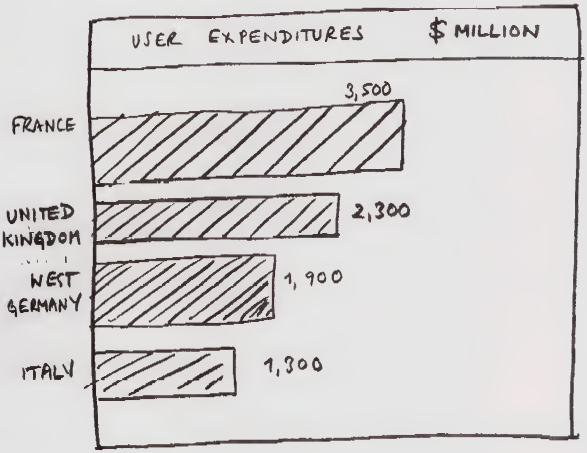
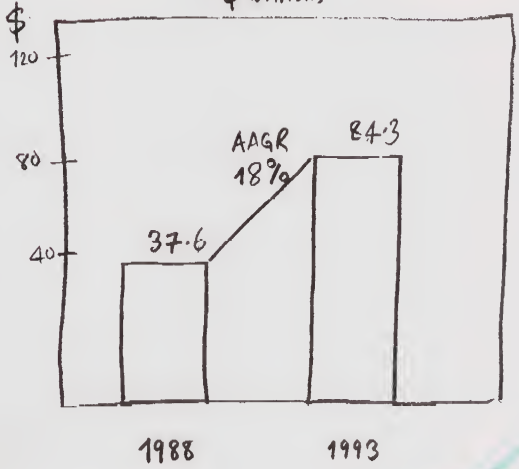
PROFESSIONAL SERVICES



INFORMATION SERVICES INDUSTRY
→WESTERN EUROPE 1988-1993
$ Billions



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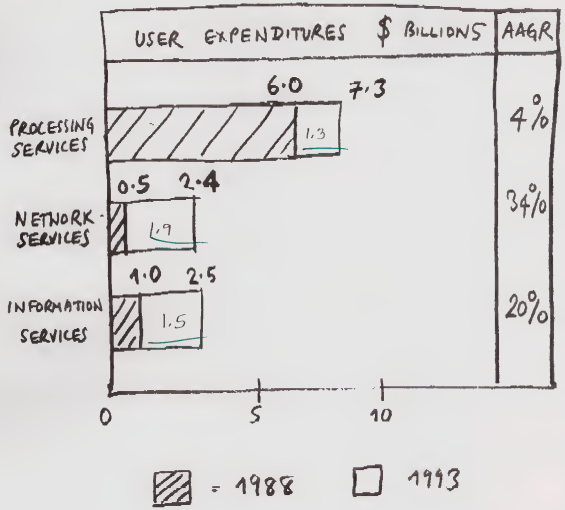
9

WESTERN EUROPE
– INFORMATION SERVICES INDUSTRY



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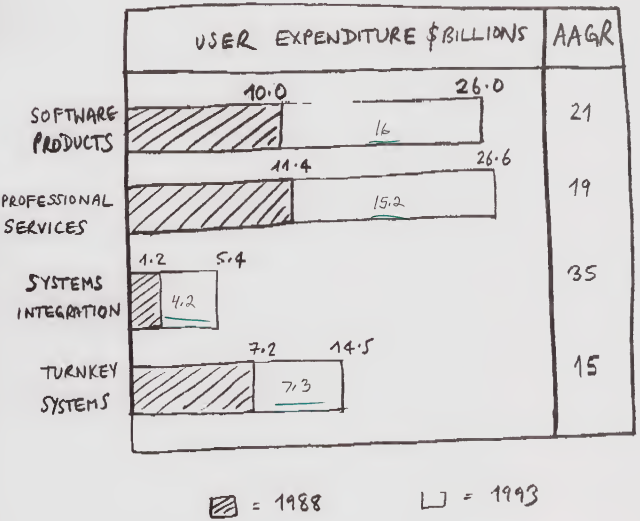
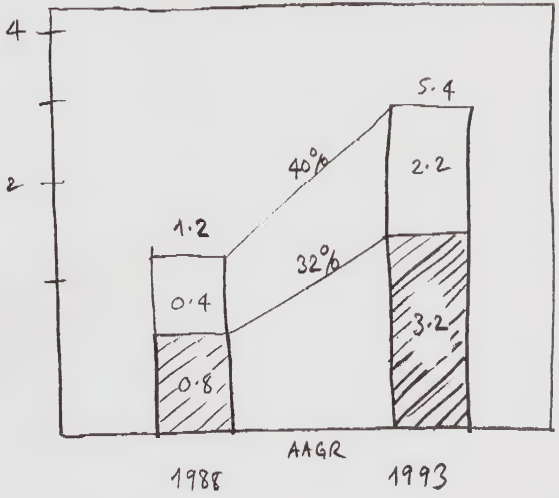
10

WESTERN EUROPE
– INFORMATION SERVICES INDUSTRY



SYSTEMS INTEGRATION
– WEST EUROPEAN MARKET
($ Billions)



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